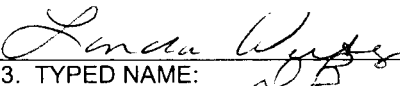
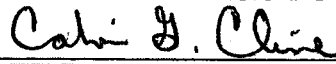
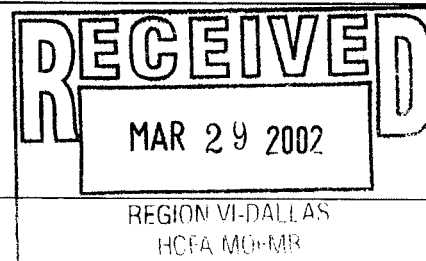


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 02 - 04	2. STATE: Texas
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: January 1, 2002	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. Sec. 447.271 and 447.272		7. FEDERAL BUDGET IMPACT: See Attachment a. FFY 2002 \$ 14,039,666 b. FFY 2003 \$ 21,024,500	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: See Attachment		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): See Attachment	
10. SUBJECT OF AMENDMENT: Amendment 623 addresses the provision of supplemental payments for inpatient hospital services provided by certain rural public hospitals.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comment, if any will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Linda K. Wertz State Medicaid Director Post Office Box 13247 Austin, Texas 78711	
13. TYPED NAME: Linda K. Wertz			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: March 26, 2002			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 29 MARCH 2002		18. DATE APPROVED: 18 JUNE 2002	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 01 JANUARY 2002		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: CALVIN G. CLINE		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID AND STATE OPERATIONS	
23. REMARKS:			



Attachment to Block 7 to HCFA Form 179

Transmittal No. TN 02-04, Amendment No. 623

Number of the
Plan Section or Attachment

Attachment 4.19-A
Page 10b

Number of the Superseded
Plan Section or Attachment

Attachment 4.19-A
New

(u) Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to eligible rural public hospitals for inpatient services provided to Medicaid patients.

- (1) For purposes of this subsection, rural public hospital means a public hospital affiliated with a city, county, hospital authority, or hospital district located in a county of less than 100,000 population based on the most recent federal decennial census.
- (2) The supplemental payments described in this subsection will be made in accordance with the applicable regulations regarding the Medicaid upper limit provisions codified at 42 C.F.R. §447.272 and shall not exceed \$35,000,000 per state fiscal year.
- (3) The amount of supplemental payments and fee-for-service Medicaid inpatient payments (including DRG and TEFRA inpatient cost settlements) the hospital receives in a state fiscal year may not exceed Medicaid inpatient billed charges for inpatient services provided by the hospital to fee-for-service Medicaid recipients in accordance with 42 CFR §447.271.
- (4) Supplemental payments will be made to two groups of rural public hospitals.
 - (A) Rural public hospitals that have a deficit between fee-for-service Medicaid billed charges and fee-for-service Medicaid payments (including supplemental payments) greater than 1 percent of the total deficit between fee-for-service Medicaid billed charges and fee-for-service Medicaid payments (including supplemental payments) for all rural public hospitals. Medicaid billed charges and payments will be based on a twelve consecutive-month period of fee-for-service claims data selected by HHSC.
 - (B) All other rural public hospitals that have a deficit between fee-for-service Medicaid billed charges and fee-for-service Medicaid payments (including supplemental payments). Medicaid billed charges and payments will be based on a twelve consecutive-month period of fee-for-service claims data selected by HHSC.
- (5) Supplemental payments will be made quarterly to rural public hospitals that have a deficit between fee-for-service Medicaid billed charges and fee-for-service Medicaid payments (including supplemental payments).
 - (A) Hospitals eligible for payments according to section (u)(4)(A), the amount of the quarterly supplemental payments will be one-fourth of:
 - (1) the amount determine by multiplying the current state fiscal year Federal Medical Assistance Percentage (FMAP) by the deficit between fee-for-service Medicaid billed charges and fee-for-service Medicaid payments (including supplemental payments),
 - (2) the hospital's pro rata share of the amount available to be distribute after subtracting payments to hospitals according to section (u)(5)(A)(1).
 - (B) Hospitals eligible for payments according to section (u)(4)(B), the amount of the quarterly supplemental payments will be one-fourth of the hospital's pro rata share of the amount available to be distribute after subtracting payments to hospitals according to section (u)(5)(A)(1).

SUPERSEDES: NONE - NEW PAGE

STATE <u>Texas</u>	A
DATE REC'D <u>03-29-02</u>	
DATE APP'VD <u>06-18-02</u>	
DATE EFF <u>01-01-02</u>	
HCFA 179 <u>TX-02-04</u>	



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services

Calvin G. Cline

Associate Regional Administrator, Medicaid and State Operations

1301 Young Street, Room 827
Dallas, Texas 75202
Phone (214) 767-6301
Fax (214) 767-0270

June 18, 2002

Our reference: SPA-TX-02-04

Ms. Linda K. Wertz, State Medicaid Director
Texas Health and Human Services Commission
Post Office Box 13247
Austin, TX 78711

Dear Ms. Wertz:

We have reviewed the proposed amendment to your Medicaid State plan submitted under transmittal no. (TN) 02-04, including revisions submitted on June 5, 2002. Effective for services on or after January 1, 2002, the rural public hospitals will receive quarterly supplemental payments not to exceed the Medicaid Upper Payment limits.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13)(A), 1902(a)(30), and 1923 of the Social Security Act and the implementing federal regulations at 42 CFR 447 Subpart C. We have approved the amendment for incorporation into the official Texas State plan effective on January 1, 2002. We have enclosed a copy of HCFA-179, transmittal no. 02-04, dated June 18, 2002, and the amended plan page.

If you have any questions, please call Billy Bob Farrell at (214) 767-6449.

Sincerely,

Calvin G. Cline
Associate Regional Administrator
Division of Medicaid and State Operations

Enclosures

cc: Elliot Weisman, CMSO, PCPG
Commerce Clearing House

